



**Washington State
Health Care Authority**

Public Employees Benefits Board

May 23, 2007 Meeting



PEBB Board Meeting

May 23, 2007

1:00-3:00 p.m.

Health Care Authority, Sue Crystal Center Conference Room

676 Woodland Square Loop SE

Lacey, Washington

Conference call dial in: 360-923-2996, code 360-946-1464

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AGENDA

Public Employees Benefits Board

May 23, 2007

The Sue Crystal Center
676 Woodland Square Loop Southeast, Lacey
Conference call dial-in 360-923-2996, code 360-946-1464

11:15 a.m.	Working Lunch		
	Health Information Technologies Update	Richard Onizuka	Information

noon	Executive Session
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1:00 p.m. – 3:00 p.m.	Board Meeting		
	Call to Order	Steve Hill	
	Welcome and Introductions	Steve Hill	
	Approval of Minutes	Steve Hill	Action
	Legislative Update	Richard Onizuka Megan Atkinson	Information
	Annual Rule Making	Barbara Scott	Information
	Public Comment	Steve Hill	
	Adjournment	Steve Hill	

The Public Employees Benefits Board will meet Wednesday, May 23, 2007, at the Sue Crystal Center, Lacey, Washington. The board will consider all matters on the agenda plus any items that may normally come before them.

This notice is pursuant to the requirements of the Open Public Meetings Act, Chapter 42.30 RCW.

PEBB Board Members

Name	Representing
Steve Hill, Administrator Health Care Authority 676 Woodland Square Loop SE PO Box 42700 Olympia WA 98504-2700 V 360-923-2828 steve.hill@hca.wa.gov	Chair
Greg Devereux, Executive Director Washington Federation of State Employees 1212 Jefferson Street, Suite 300 Olympia WA 98501 V 360-352-7603 greg@wfse.org	State Employees
Lee Ann Prielipp 29322 6 th Avenue Southwest Federal Way WA 98023 V 253-839-9753 leeannwa@comcast.net	K-12 Retirees
Robert Porterfield 10423 – 65 th Avenue South Seattle WA 98178 V 206-722-8194 robertporterfield@comcast.net	State Retirees
Dr. Penny Palmer 123 East Indiana Spokane WA 99207 V 509-389-4229 pennypalmer@msn.com	Benefits Management/Cost Containment
Eva Santos, Director Department of Personnel PO Box 47500 Olympia WA 98504-7500 V 360-664-6350 evas@dop.wa.gov	Benefits Management/Cost Containment



PEBB Board Members

Name	Representing
Vacant position*	K-12
Margaret T. Stanley Executive Director Puget Sound Health Alliance 2003 Western Ave, Suite 600 Seattle WA 98121 V 206-448-2570 mtstanley@pugetsoundhealthalliance.org	Benefits Management/Cost Containment
Yvonne Tate, Director* Human Resources City of Bellevue PO Box 90012 Bellevue WA 98009-9012 V 425-452-4066 ytate@ci.bellevue.wa.us	Benefits Management/Cost Containment

Legal Counsel

Melissa Burke-Cain, Assistant Attorney General
2425 Bristol Court SW
PO Box 40109
Olympia WA 98504-0109
V 360-586-6500
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*non voting members



D*R*A*F*T
Public Employees Benefits Board
Meeting Minutes

February 13, 2007
Health Care Authority
676 Woodland Square Loop SE
Lacey, WA
1:00 p.m.

Members Present:

Steve Hill
Greg Devereux
Lee Ann Prielipp
Robert Porterfield
Eva Santos

Members Absent:

Margaret Stanley
Yvonne Tate

Via Telephone:

Penny Palmer

Call to Order

Steve Hill, Chair, called the meeting to order at 1:00 p.m. Sufficient members were present to allow a quorum.

Approval of January 16, 2007, PEBB Meeting Minutes

It was moved, seconded, and carried to approve the January 16, 2007, PEBB Board meeting minutes with the following changes to the roll call: 1) move Lee Ann Prielipp to "members present"; and, 2) move Penny Palmer to "via telephone".

Public Meeting Protocol

Dave Wasser, Public Affairs Director for the Health Care Authority (HCA), presented a revised statement of commitment and policies regarding communication. Input from board members received at the January meeting was incorporated so that the public meeting protocol reflects the approved by-laws. It was moved, seconded, and carried to approve the Public Meeting Protocol.

Procurement Update

Barney Speight, Deputy Administrator for HCA, gave a procurement update. Mr. Speight shared a long-term strategic vision of the PEBB benefits portfolio. He said that implementation of the Benefits Administration and Insurance Accounting System (BAIAS) will have a significant impact on procurement. HCA is planning to implement a high deductible Health Savings Account (HSA) in 2009 with a target of having it in place in 2010. The HCA has a dental plan in place administered by the Washington Dental Service (WDS), and Mr. Speight is reviewing an additional dental model that WDS has developed and will bring that to the board

next year for consideration. He said that consideration of a Long-Term Disability (LTD) plan is also under review, but that a change to that benefit would require approval by both the Office of Financial Management and Governor's Office, and legislative authorization to increase the funding for LTD.

Elin Meyer, PEBB Procurement Director, presented an overview of the upcoming dental RFP. She said the plan is to ask the carriers to bid out their current benefit design and also a standard benefit design and to bring that to the board for consideration.

Domestic Partner Benefits

Jason Siems, Legal Services Director, and Melissa Burke-Cain, Assistant Attorney General, presented an overview of domestic partner discussions with the board to date. The Legislature passed HB 2661 in 2006 which bars discrimination on the basis of sexual orientation and gender identify. Mr. Siems said the Human Rights Commission and HCA have entered into a dialogue to try to determine legal impacts and whether HCA's current policy is in compliance with the law. It would cost an estimated \$15 million per year to extend PEBB benefits to opposite sex domestic partners and would be difficult for HCA to implement those benefits until the BAIAS project comes on-line. Further, the 2007 contracts with health plans are based on current eligibility requirements and changing those requirements has the potential of the plans asking that their contracts be reopened. The HCA is asking the board to commit to re-examine extended benefits to all domestic partners after the completion of the BAIAS project. This re-examination would include revisiting the practices of other states and large employers, staff recruitment and retention issues, cost and rating issues, and also protecting the PEBB Fund from adverse selection and fraud.

Mr. Hill said that there are several pieces of proposed legislation dealing explicitly with same sex domestic partners and that it his interpretation that the Legislature is signaling to the PEBB that it is fine to have a same sex domestic partnership benefit. Ms. Palmer noted that it is unclear at present how a domestic partner is defined in law. Ms. Prielipp asked how long it would take the HCA to put a program into place that allows eligibility for opposite sex domestic partnership coverage. Renee' Bourbeau, PEBB Operations Manager, estimated it would take one to two years to put the new eligibility criteria in place and enroll people in that system. Mr. Speight advised that part of the preparation would be for PEBB to develop the fiscal impact on both the funding rate for actives, and also the retiree subsidy rate based on actuarial estimates. Mr. Devereux asked if the WAC would need to be re-written if opposite sex domestic partners were included. Ms. Burke-Cain said it would. Ms. Santos asked whether the Board has the authority to approve the budget and Mr. Hill advised that it has. However, the board would have look at the PEBB Fund to ensure funds are available. Mr. Hill asked for public comment specifically related to domestic partner benefits. None was received.

It was moved, seconded and carried that the board commit to re-examining extending benefits to all domestic partners in 2008, to be effective in the beginning of 2009. The motion passed unanimously. This re-examination will include:

1. Revisiting the practices of other states and large employers,
2. Staff recruitment and retention issues,
3. Cost and rating issues, and,



4. Protecting the PEBB fund from adverse selection.

Further, the HCA will complete the preparation to be able to implement this in 2009.

Legislative Update

Richard Onizuka, Health Care Policy Director, presented an overview of bills the HCA is tracking during this legislative session.

The meeting was adjourned.

Respectfully submitted,

Steve Hill, Chair

HCA Proposal to the PEBB Board

1. Change the eligibility language within the WACs to remove any mention of “same-sex”. The eligibility standards would continue to require that the “partners are barred from a lawful marriage”. Further, the declaration that domestic partners complete would be updated to reflect this language and to eliminate requirements in the current declaration that go beyond the requirements of married participants. The eligibility requirements in the declaration would be included in WAC.

2. Commit to re-examine extending benefits to all domestic partners in 2008, to be effective in the beginning of 2009. This reexamination would include:

1. Revisiting the practices of other States and large employers;
2. Staff recruitment and retention issues;
3. Cost and rating issues; and,
4. Protecting the PEBB fund from adverse selection and fraud.

Further, the HCA will complete the preparation to be able to implement this in 2009.

Deleted: after the completion of the BAIAS project, likely in 2009.

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D*R*A*F*T
Public Employees Benefits Board
Meeting Minutes

April 17, 2007
Health Care Authority
676 Woodland Square Loop SE
Lacey, WA
1:00 p.m.

Members Present:

Steve Hill
Greg Devereux
Lee Ann Prielipp
Robert Porterfield
Eva Santos
Chris Sargo
Margaret Stanley
Yvonne Tate

Members Absent:

Penny Palmer

Call to Order

Steve Hill, Chair, called the meeting to order at 1:00 p.m. Sufficient members were present to allow a quorum.

Approval of February 13, 2007, PEBB Meeting Minutes

It was moved, seconded, and carried to approve the February 13, 2007, PEBB Board meeting minutes with the following changes: 1) add Chris Sargo to "members present"; and, 2) under "procurement update" change the fourth sentence to read, "HCA is planning to implement a high deductible Health Savings Account (HSA) in 2009 with a target of having it in place in 2010 subject to funding and approval of the PEBB Board".

Legislative Update

Richard Onizuka, Health Care Authority, gave an overview of priority bills the Health Care Authority is tracking during the legislative session. Mr. Onizuka said that the agency doesn't have a lot of information on budget yet, and that a final legislative and budget update will be provided at the May board meeting.

Procurement Update

Barney Speight, Health Care Authority, gave a report on the 2008 procurement activities. Mr. Speight said the PEBB purchasing goals and benefits benchmark well with comparable public and private employers and in premium structure and overall cost is consistent with both collective bargaining and budget assumptions approved by the Legislature. He said the PEBB Co-Pay Plan RFP had received responses from five organizations: Aetna, Cigna, Premera, Regence, and United Healthcare. Zenith Administrators also submitted a proposal but subsequently indicated they have withdrawn their interest in the RFP. Health Care Authority



**Washington State
Health Care Authority**

staff is currently reviewing the proposals and hope to announce an apparent successful vendor by late May 2007.

Mr. Speight added that recommendations regarding PEBB eligibility will be brought before the board in May with a request to defer action until the June 27 meeting. One-on-one procurement briefs with board members will be scheduled during June and at the July 10 meeting, final procurement recommendations will be brought to the board for consideration, with a vote scheduled for the July 17 meeting.

Christine Sargo announced her retirement and resignation from the PEBB Board.

The meeting was adjourned.

Respectfully submitted,

Steve Hill, Chair

Health Care Authority Proposed 2007-09 Operating Budget¹ PEBB Related Changes <i>(Dollars in Thousands)</i>			
	FTEs	Near GF-S	Total
2007-09 Maintenance Level	284.6	\$552,161	\$732,317
2007-09 Policy Changes			
Benefits Admin & Insur Acctg System	16.0	\$2,460	\$25,480
New Self-Insured Co-Pay Plan	7.0	0	1,722
Information Technology	1.0	566	1,074
Prescription Drug Consortium	1.5	871	871
Blue Ribbon Commission Reports	1.0	90	90
Dependent Coverage IT System Costs		350	350
State Employee Health Pilot		0	600
Washington State Quality Forum	4.0	1,328	1,328
Other	10.0	16,686	18,403
2007-09 Total Operating Budget	325.1	\$576,246	\$785,533

¹—Includes Basic Health benefits

Three of the agency's information technology requests were included in a newly created OFM/DIS administered information technology pool. However, the pool was not fully funded and it is currently unclear how projects will be prioritized for funding.

PEBB employer contribution funding rates:

Fiscal Year 2007 = \$684.00 per month

Fiscal Year 2008 = \$707.00 per month (3.4 percent increase)

Fiscal Year 2009 = \$732.00 per month (3.5 percent increase)

Omnibus Appropriations Act language:

910 (1)(b): <<<snip>>>...but in no case to increase the actuarial value of the plans offered as compared to the comparable plans offered to enrollees in calendar year 2007.

911 (1)(b): <<<snip>>>... but in no case to increase the actuarial value of the plans offered as compared to the comparable plans offered to enrollees in calendar year 2007.

949: Amending RCW 41.05.065

(h) During the 2007-2009 fiscal biennium, the board may not make changes to the benefit plans offered to enrollees that increase the net actuarial cost of the plans as compared to the same, or most similar plans, offered in calendar year 2007.

2007 Health Care Authority Priority Bills
Selected subset for PEBB
5/23/07

Budget

Bill Title/Description	Bill #	Status
Operating Budget 07-09. Gov	SHB 1128	Gov signed

Public Employees Benefits Board

Bill Title/Description	Bill #	Status
PT comm college faculty. HCA	HB 1644	Gov signed
PEBB Medical benefit fund. HCA	HB 2163	Gov signed
Tribal government / PEBB. HCA	SB 5640	Gov signed
Eliminating gain sharing/alternative pension benefits	EHB 2391	Gov signed, effective 7/21/07 (except sections 1,3,4 7/1)
State patrol survivor benefits	SHB 1417	Gov signed, effective immediately
Domestic partner rights	SSB 5336	Gov signed, effective 7/21/07

Health Reform / Planning / Quality

Bill Title/Description	Bill #	Status
Connector / health care reform.	E2SHB 1569	Gov signed
HCA grant administration. HCA	HB 1645	Gov signed
Blue ribbon commission. Gov	E2SSB 5930	Gov signed

Insurance and Mandated Benefits

Bill Title/Description	Bill #	Status
Chiropractor employee services.	2SSB 5597	

Public Employees Benefits Board Annual Rule Making

May 23, 2007

Barb Scott, PEBB Rules and Policy

Purpose of the Annual Rule Making

- Legislation affecting PEBB eligibility rules in 2008
 - Domestic Partner Registry
 - Washington State Patrol Surviving Dependents
 - Part-Time Academic Employee Eligibility
- Clean-up work
 - Technical corrections
 - Consistency within the rules
 - Enhance the clarity of the rules

Legislation Affecting PEBB Eligibility Rules in 2008

- Domestic Partner Registry
 - Creates the state domestic partnership registry in the Office of the Secretary of State.
 - PEBB directed to recognize certificates issued by Secretary of State's office as evidence of eligibility for same sex partners.

Legislation Affecting PEBB Eligibility Rules in 2008 (cont.)

- WSP Surviving Dependents
 - Expands the provision for survivors of emergency service personnel killed in the line of duty to include survivors of Washington State Patrol members.
 - Provides reimbursement for PEBB premiums to survivors from the Department of Retirement.

Legislation Affecting PEBB Eligibility Rules in 2008 (cont.)

- Part-Time Academic Employee Eligibility
 - Affects eligibility for part-time academic employees who use averaging to maintain eligibility for the employer contribution.
 - Employees will need to work an average of half-time or more in 2 out of 3 quarters during the academic year.
 - Clarifies eligibility ends when the criteria is no longer met.

Clean-Up Work

Example:

- Technical corrections
 - Removing “parent-child relationship” language from extended dependent eligibility.

Clean-Up Work (cont.)

Examples:

- Consistency within the rules
 - Add high school as a school where a student can be registered (consistent with the definition of dependent in the pension statute).
 - Provide thirty days to request a hearing to appeal a decision (currently fifteen day limit).

Clean-Up Work (cont.)

Examples:

- Enhance the clarity of the rules
 - Clarify when a change in employment situation would lead to an employee selecting benefits (primarily related to optional life and long-term disability).
 - Provide a formal transparent process for an individual to petition the agency to adopt, amend, or repeal a rule.

PEBB Meeting Schedule 2007

Working Lunch or Executive Session:
Public Meeting:

11:15 a.m. - 12:45 p.m.
1:00 p.m. - 3:00 p.m.

Proposed Dates:

January 16, 2007

February 13, 2007

March 13, 2007

April 17, 2007

May 23, 2007

June 27, 2007

July 10, 2007

July 17, 2007

**July 24, 2007*

October 16, 2007 – Board Retreat

**tentative meeting dates during procurement*